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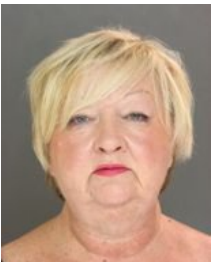
NEWSLETTER

September 2010

\$7.5 MILLION ALLEGED PYRAMID SCHEME



On August 24, 2010, criminal charges were filed against Brian Murray, Christine Oliver-Shean, Murray Insurance Agency, Gaffer Insurance Company, Ltd., Mallow Holding Company, Diane Murray and Timothy Shean in Lackawanna County following an extensive grand jury investigation.



The central figures in the alleged financial “pyramid scheme” were Brian Murray and Christine Oliver-Shean. Brian Murray served as CEO, Chairman and Principle of the now bankrupt Murray Insurance Agency (“MIA”) while Oliver-Shean was the former President. Brian Murray, Oliver-Shean, Murray Insurance Agency (“MIA”), Gaffer Insurance Company, Ltd. (“Gaffer Insurance”) and Mallow Holding Company were charged with multiple felony counts including criminal conspiracy, money laundering, corrupt organizations, forgery and insurance fraud along with misdemeanor counts of tampering with evidence, obstructing law enforcement and various tax crimes.

Defendant Diane Murray is accused of theft and conspiracy involving money allegedly diverted from another business to MIA, along with filing false corporate and personal income tax returns. Defendant Timothy Shean is accused of conspiracy, tampering with physical evidence and obstructing law enforcement regarding efforts to allegedly hide MIA records from investigators.

According to the grand jury investigation, the fraud and theft totaled more than \$7.5 million over the past ten years. Brian Murray and Oliver-Shean allegedly engaged in an ongoing course of criminal conduct together to secure a continuing source of funds for their businesses and for themselves. The criminal acts included various theft schemes such as the fraudulent use of premium financing, the theft of premium monies and the misuse of funds from MIA’s captive insurance company, Gaffer Insurance. Gaffer Insurance, registered in the British Virgin Islands, was allegedly used to conceal more than \$10 million in income and to avoid paying taxes in Pennsylvania. In order to conceal their criminal activity, Brian Murray and Oliver-Shean allegedly provided forged or altered paperwork to MIA clients to make it appear the clients had insurance and by paying claims through MIA and Gaffer Insurance rather than revealing that the insurance coverage had not been placed.

The clients allegedly victimized by this wide-ranging scheme included the University of Scranton, Loyola College of Maryland, St. Joseph’s University and other educational institutions, the Mount Airy Casino Resort, the Borough of Phoenixville, Moses-Taylor Hospital, the Lackawanna County Multi-Purpose Stadium and other unsuspecting businesses.

ARRESTS

1.39 MILLION ALLEGED BOGUS STORM DAMAGE CLAIM RESULTS IN ARREST

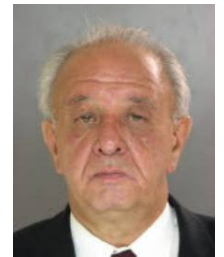


On August 16, 2010, Kevin Kollar was arrested in Montgomery County. According to the Criminal Complaint, Kevin Kollar purchased fourteen modular town homes in 2006 from Sun Building Systems. On May 4, 2007, Kollar obtained insurance coverage from the Merkel Essex Insurance Company for the modular homes. Eight of the modular homes were being stored at an open lot in Pottstown. On March 27, 2008, Kollar filed a \$1.39 million insurance claim for extensive water and wind damage to the eight modular homes, reportedly caused by a storm in early March of 2008. The Complaint stated that Kollar claimed the homes were in "as new" condition, had been wrapped in protective materials and were personally inspected by him on a regular basis prior to the purported storm damage. Kollar, however, had previously notified Sun Building Systems that the eight units needed to be moved from the open lot. The Complaint stated that on April 27, 2007, a transportation manager for Sun Building Systems found the damage to the homes, notified both Sun and Kollar, and took photographs which showed torn roofs, damage to ceiling and dry wall, collapsed interiors and ruined appliances, along with damaged cabinets and carpet. The Complaint further stated that Kollar allegedly ordered that the homes be re-wrapped in protective material without making any repairs to the units. Kevin Kollar has been charged with two counts of Insurance Fraud (F3 & M1), one count of Criminal Attempt/Theft by Deception (F3) and one count of Perjury (F3).

\$220,000 ALLEGED FRAUDULENT BILLING SCHEME

On August 2, 2010, Frederick Gilotti, Jr., was arrested in Lackawanna County. According to the Criminal Complaint, from July 12, 2005 through June 16, 2009, Gilotti submitted 45 invoices for court reporting services to the Liberty Mutual

Insurance Company for court reporting services that he allegedly performed on certain claim files. The Complaint alleged that Gilotti used insurance company claim numbers that he had on file from court reporting services that had been provided in past years. The Complaint further alleged that Gilotti created and submitted invoices for fictitious court reporting services at depositions that did not occur using the old claim numbers. According to the Complaint, Gilotti bypassed the normal approval process for invoices and instead sent them directly to the central legal billing unit for Liberty Mutual. Gilotti obtained \$160,730 from the Liberty Mutual Insurance Company that he was allegedly not entitled to. In addition, the Complaint stated that Gilotti submitted an additional 15 invoices totaling \$59,716.25 for court reporting services to Liberty Mutual which were identified as fraudulent prior to being paid. Frederick Gilotti has been charged with one count of Theft by Deception (F3) and one count of Criminal Attempt/Theft by Deception (F3).



Additional Arrests

- On August 25, 2010, Frank Letterine was arrested in Westmoreland County. According to the Criminal Complaint, Letterine is the sole proprietor of Denny's Trucking, a business that contracts with the US Postal Service to transport mail. Postal Service contracts provide mail transport companies with funds specifically allocated for the purpose of subsidizing the purchase of workers' compensation coverage for employees. The Complaint stated that between April 12, 1999, and June 21, 2009, Letterine allegedly operated Denny's Trucking without workers' compensation coverage for his employees. During this period, the Postal Service had provided Letterine with \$45,478.72 for the very specific purpose of obtaining workers' compensation coverage. Frank Letterine has been charged with ten counts of Failure to Insure (F3) and one count of Theft by Failure to Make Required Disposition of Funds (F3).

- On August 13, 2010, Tina Reinert was arrested in Berks County. According to the Criminal Complaint, Reinert fraudulently obtained \$24,000 in claim proceeds from the Nationwide Insurance Company by allegedly inflating the value of property which she claimed was stolen during her June 2006 move. The Complaint stated that Reinert filed a theft and property damage report at the PSP Barracks in Hamburg and subsequently filed an insurance claim with Nationwide. During the claim process, Reinert submitted a notarized Contents of Loss Inventory to Nationwide. Included on the list of stolen items were eight original paintings which Reinert had received as a gift. Reinert listed the total cost of the paintings at \$8,000 and listed their total replacement value at \$24,000. As a result, Nationwide paid Reinert the replacement value for the paintings. However, the Complaint stated that the artist who created the paintings as well as the woman who bought them for Reinert clearly recalled that the most expensive of the paintings sold for \$200, while approximately \$25 was paid for each of the other seven paintings. Furthermore, according to the Criminal Complaint, Reinert was present at the time of the purchases and knew the actual cost of the paintings. Tina Reinert has been charged with one count of Insurance Fraud (F3), one count of Theft by Deception (F3), one count of False Swearing (M3) and one count of Unsworn Falsification to Authorities (M2).
- On August 31, 2010, Vincent Wingate was arrested in Philadelphia County. According to the Criminal Complaint, Wingate purchased a truck and obtained tags and registration representing on the forms to PennDOT that he had insurance through the Keystone Insurance Company, a part of the AAA Mid-Atlantic Insurance Company. The Complaint stated that a couple months later, a bicyclist ran into an object protruding from Wingate's parked, unattended truck, causing injuries to his face. The bicyclist took photos of the truck and license number and sought medical treatment. However, AAA Mid-Atlantic confirmed that neither Wingate nor the truck



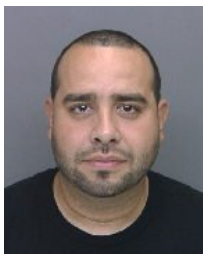
was ever insured by Keystone. Vincent Wingate has been charged with one count of Insurance Fraud (F3), two counts of Tampering With Public Records (M2) and one count of Unsworn Falsification (M3).

- On August 23, 2010, Keesha Johnson was arrested in Philadelphia County. According to the Criminal Complaint, on August 7, 2008, NJ State Police observed a car belonging to Johnson being driven into an auto salvage / storage facility under investigation for shipping stolen cars overseas. Johnson's car was dismantled and crushed at that location on August 8th at 12:10 p.m. The Complaint stated that Johnson reported to both the Philadelphia police and her insurer, the AAA Mid-Atlantic Insurance Company, that she parked her car in Philadelphia at 10 p.m. on August 8th, and discovered the next morning that it had been stolen. Keesha Johnson has been charged with one count of Insurance Fraud (F3), one count of Theft by Deception (F3) and one count of False Reports to Law Enforcement Authorities (M3).
- On August 25, 2010, Dolores Ricci was arrested in Allegheny County. According to the Criminal Complaint, between February 19, 2007 and May 21, 2010, Ricci was a receptionist at a doctor's office in Allegheny County. The Complaint alleged that during that period of time, Ricci called in prescriptions to various pharmacies or wrote prescriptions for herself, her boyfriend, her cousin, and her cousin's daughter, under the doctor's name, without his knowledge or authorization. The Complaint further alleged that either Ricci or her boyfriend would go to the pharmacy to obtain the drugs. Through this scheme, Ricci allegedly obtained approximately 1,500 Schedule II pills for Oxycontin and/or Oxycodone HCL, 14,000 Schedule III pills for Vicodin ES and/or its generic equivalent Hydrocodone-Acetaminophen, and 4,300 Schedule IV pills for Ativan and/or its generic equivalent Lorazepam. The Complaint further alleged that numerous prescriptions for non-narcotic medication were also presented to numerous pharmacies within Allegheny



County and were allegedly paid using Highmark Insurance, Express Scripts, or cash. Highmark Insurance and Express Scripts paid approximately \$10,000 for the allegedly fraudulent prescriptions. Dolores Ricci has been charged with three counts of Drug Act Violations (F), one count of Insurance Fraud (F3), one count of Theft by Deception (F3) and one count of Forgery (M1).

- On August 30, 2010, Harem Mohamed was arrested in Philadelphia County. According to the Criminal Complaint, on July 25, 2008, at 6:40 A.M., NJ State Police observed a motorcycle belonging to Mohamed being driven into an auto salvage / storage facility in Glassboro, NJ, which was under investigation for shipping stolen cars overseas. The Complaint stated that Mohamed reported to both the Philadelphia Police and his insurer, the Foremost Insurance Company that he parked his motorcycle in the early evening on July 26th, and when he returned on the 27th at 3:00 A.M., he found that it had been stolen. The complaint further stated that Mohamed claimed that he locked the steering and took the key when he parked the motorcycle. In addition, the Complaint stated that Mohamed provided two ignition keys to Foremost and reported that they were the only keys to the motorcycle. Mohamed's motorcycle was recovered from the Glassboro facility by a search warrant and neither the steering nor the ignition system was damaged. Harem Mohamed has been charged with one count of Insurance Fraud (F3), one count of Theft by Deception (F3) and one count of False Reports to Law Enforcement Authorities (M3).
- On August 16, 2010, Cynthia Pert was arrested in Westmoreland County. According to the Criminal Complaint, Pert filed a personal property claim with the State Farm Insurance Company following a fire that destroyed her detached garage and its contents. State Farm requested that Pert provide documentation/receipts for the value of the personal items lost in the fire. The Complaint stated that Pert allegedly



submitted altered and/or falsified receipts in support of the claim. Cynthia Pert has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (F3) and one count of Tampering with Records or Identification (M1).

- On August 26, 2010, Lisa Lescota was arrested in Chester County. According to the Criminal Complaint, the Group Dental Services Inc. paid a West Chester dental office for treatments allegedly provided to Lescota's daughter in August and September of 2009. However, the Complaint further stated that after these claims were paid, Group Dental learned that Lescota's daughter had not actually received any treatment. Lescota allegedly took her daughter's insurance card without her knowledge or permission, presented it to a dental office, identified herself as her daughter, and thereby obtained treatment for herself. Lisa Lescota has been charged with one count of Insurance Fraud (F3) and one count of Theft by Deception (M1).
- On August 3, 2010, Jetson Arnold, Jr. was arrested in Philadelphia County. According to the Criminal Complaint, Arnold went into the local police district and claimed that he was a pedestrian who was struck during an accident in a used car dealership parking lot. In addition, Arnold subsequently filed a claim for the alleged personal injuries. The Complaint stated that the Access General Insurance Company paid a medical bill that was submitted on behalf of Arnold. However, the Complaint alleged that the accident had not involved any pedestrians and that Arnold was never injured in the accident. Jetson Arnold, Jr. has been charged with one count of Insurance Fraud (F3), one count of Theft by Deception (F3) and one count of False Reports to Law Enforcement (M3).
- On August 27, 2010, Sheron Maxie was arrested in Chester County. According to the Criminal Complaint, The Motorists Insurance Group received a workers' compensation claim alleging that Sheron Maxie had been injured while working at Greencore Building Services. Maxie alleged that he had been injured jumping off of a box truck at work, injuring his knee. Maxie then

reported that injury to supervisors for purposes of filing a workers' compensation claim, which was completed based on his statement. However, several days later, multiple witnesses from Greencore Building Services allegedly identified Maxie as having arrived at work hurt and mentioned that he stated he was going to claim a workplace injury in order to gain insurance coverage. Sheron Maxie has been charged with one count of Workers' Compensation Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (M1).

CONVICTIONS

- Zachary Benning pled guilty to six counts of Theft by Unlawful Taking (F3) and one count of Criminal Conspiracy (F3), and Adam Wareham pled guilty to one count of Criminal Conspiracy (F3), one count of Insurance Fraud (F3) and one count of Receiving Stolen Property (F3) in Washington County. Benning and Wareham were part of a group of inter-related individuals dealing with stolen motorcycles and ATVs in western Pennsylvania. Benning and Wareham, stole motorcycles and/or ATV's. They used Benning's truck to haul the stolen items, which were then generally stored in Benning's garage. Wareham used his business connections from his former business to sell the stolen motorcycles and parts. Wareham also orchestrated the owner give-up of a Honda Civic belonging to his step-brother, Bradley Hines, for the purpose of filing a fraudulent theft claim with the State Farm Insurance Company. On August 17, 2010, Zachary Benning was sentenced to serve 1 year less one day to 2 years less two days incarceration, followed by 5 years of probation and ordered to pay joint and several restitution in the amount of \$20,877.52 and all court costs. Adam Wareham was sentenced to serve 3 to 12 months incarceration, followed by 3 years probation and ordered to pay joint and several restitution in the amount of \$11,832.87 and all court costs.

- Christopher Miller pled guilty to one count of Insurance Fraud (F3) in Cambria County. Miller filed four fraudulent claims with the Nationwide Insurance Company alleging vandalism to his vehicle between April 8, 2009 and May 20, 2009. Nationwide issued a check for the May 20th claim, but Miller told Nationwide that he lost the check, causing Nationwide to issue a second check in the same amount. Miller then cashed both checks. Our investigation revealed that no vandalism had occurred to Miller's vehicle. On August 12, 2010, Christopher Miller was sentenced to serve 6 to 24 months incarceration and ordered to pay a fine of \$300, restitution of \$730 and all court costs.
- On August 31, 2010, Daimon Parrish pled guilty to one count of Theft by Failure to Make Required Disposition of Funds (F3) in Delaware County. Parrish was an insurance agent for the Allianz Insurance Company located in Delaware County. An Allianz policy holder requested that Parrish withdraw \$8,495.41 from her Allianz policy so that she could reinvest the money. Parrish withdrew the money and despite repeated requests, failed to provide any proof or documentation that he reinvested the funds. Our investigation revealed that he had not reinvested the funds. Moreover, at the time of this incident, Parrish was serving a 5 year suspension of his insurance license for failing to report to the Insurance Commission criminal charges in 2005. Daimon Parrish was sentenced to serve 5 to 23 months incarceration and ordered to pay restitution of \$8,495.41 and all court costs.
- Paul Kurosky pled guilty to one count of Insurance Fraud (F3) in Fayette County. Kurosky filed an insurance claim with the Cincinnati Insurance Company alleging that his Mercedes was stolen from the residence of one of his employees and received approximately \$8,000 from Cincinnati. The employee reported the theft of the vehicle to the Pennsylvania State Police. However, our investigation revealed that Kurosky conspired with the employee to burn his vehicle in return for a share of the insurance proceeds. On August 23, 2010, Paul Kurosky was sentenced to serve 4 years probation and ordered to pay a fine of \$400,

restitution of \$8,131.75 and all court costs.

- Eric McFadden pled guilty to one count of Insurance Fraud (F3) in Bucks County. On eight different occasions in 2008, McFadden obtained dental treatment by fraudulently identifying himself to two dentists as his cousin, Matthew Ruvolo. McFadden provided the dentists with Ruvolo's dental insurance information and signed treatment forms in Ruvolo's name. One dentist billed Ruvolo's insurer, the United Concordia Insurance Company, \$2,106 for treatment provided to McFadden and received \$1,191 in payment. The other dentist billed United Concordia \$6,300 and received \$4,794. Both dentists also sent bills to Ruvolo for treatment that was not covered; the total of both of those bills was \$353. On August 17, 2010, Eric McFadden was sentenced to serve 3 years probation and ordered to perform 200 hours of community service, pay restitution of \$5,985 and all court costs.
- Lori Banks pled guilty to one count of Insurance Fraud (M1) in Allegheny County. Banks obtained automobile insurance with the Infinity Insurance Company through the Jack Maggs Insurance Agency for her vehicles, including a 2001 Jeep Cherokee. Banks misrepresented on the application that none of the vehicles had any unrepaired damage. Subsequently, Banks called in a claim to Infinity alleging that the vehicle was involved in an accident. However, our investigation revealed that the Jeep Cherokee was involved in an accident which rendered it undriveable and remained unrepaired prior to Banks obtaining the insurance. On August 24, 2010, Lori Banks was sentenced to serve 2 years probation, ordered to perform 25 hours of community service and to pay all court costs.
- Carol Wiel pled guilty to one count of Insurance Fraud (F3) in Allegheny County. Wiel had a sickness policy with the Combined Insurance Company which would pay her \$40 per day for inpatient hospital stay. Wiel submitted paperwork to Combined Insurance to substantiate her claim for benefits resulting from hospital stays at the University of Pittsburgh Medical Center (UPMC) between February 5, 2007 and

January 27, 2009. However, our investigation revealed that Wiel fabricated the paperwork to verify 217 days for which Wiel received inpatient benefits when, in fact, she was not receiving inpatient care. On August 31, 2010, Carol Wiel was sentenced to serve 2 years probation and ordered to pay restitution of \$8,680 and all court costs.

- Mia Lott pled guilty to one count of Theft by Deception (M1) in Philadelphia County. Lott filed multiple claims with different insurance companies based on her alleged personal injury of damaging two teeth on a "turkey chop" which she claimed had a thermometer left inside. Lott filed a claim with the Zurich Insurance Company regarding an incident with a turkey chop allegedly bought at Cousin's Grocery Store on April 22, 2008, and also with the GAB Insurance Company regarding an incident with a turkey chop allegedly bought at ShopRite on March 22, 2008, stating the same cause and type of injury. However, when questioned by Zurich about prior dental work, Lott concealed her alleged injury and claim with GAB submitted just 30 days earlier. Zurich paid Lott \$4,800 on the fraudulent claim. On August 2, 2010, Mia Lott was sentenced to serve 2 years probation and ordered to pay restitution of \$4,800 and all court costs.
- Keith Queen pled guilty to one count of Insurance Fraud (M1) in Dauphin County. Queen obtained a Pennsylvania driver's license and registered his vehicle in Pennsylvania. Queen also provided the Pennsylvania address to obtain automobile insurance. However, our investigation revealed that Queen did not reside in Pennsylvania; instead, he lived in New Jersey. On August 30, 2010, Keith Queen was sentenced to serve 1 year probation and ordered to pay a fine of \$500 and all court costs.

(ARD) DISPOSITIONS

During the month of August, three additional defendants received Accelerated Rehabilitative Disposition (ARD).